

Message Text

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PAGE 01 TOKYO 05109 070921Z

21

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 DODE-00 PM-04 H-02 L-03 PA-01 PRS-01

/100 W

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R 070901Z APR 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8285

INFO USLO PEKING

AMCONSUL HONG KONG

AMEMBASSY SEOUL

AMEMBASSY MOSCOW

LIMITED OFFICIAL USE TOKYO 5109

E.O 11652: N/A

TAGS: EEWT, CH, JA"

SUBJ: CHINA TEMPORARILY SUSPENDS STEEL TALKS WITH JAPAN

1. CHINA HAS SUSPENDED TALKS WITH JAPAN ON THE PURCHASE OF AN ADDITIONAL 1.5-1.7 MILLION TONS OF STEEL FOR APRIL-MAY SHIPMENT. NEGOTIATIONS CONTINUE, HOWEVER, ON THE REGULARLY SCHEDULED PURCHASE OF 2 MILLION TONS FOR THE FIRST HALF OF JAPAN FY 1976

2. A NIPPON STEEL EXPORT MANAGER TOLD US THE SPECIAL PURCHASE NEGOTIATIONS ARE HUNG UP ON THE INTEREST RATE AND CONDITIONS OF SHIPMENT. THE JAPANESE WANT TO CHARGE 9 PERCENT FOR A YEAR'S CREDIT, WHILE THE CHINESE ARE PRESSING FOR UNDER THE 8 PERCENT CHARGED IN 1975. THE JAPANESE ALSO WANT CHINA TO BE RESPONSIBLE FOR SHIPMENT, BUT THE CHINESE REPRESENTATIVES OF THE METALS AND MINERALS CORPORATION CLAIM TO HAVE NO LIMITED OFFICIAL USE

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PAGE 02 TOKYO 05109 070921Z

AUTHORITY TO AGREE TO THIS DEMAND. ANOTHER NIPPON

STEEL OFFICIAL RECENTLY TOLD US THAT THE COMPANY IS
CONCERNED THAT THE SHORTAGE OF CHINESE SHIPS MAY DELAY
SHIPMENTS RESULTING IN A COSTLY BUILD-UP OF UNWANTED
INVENTORY. NEVERTHELESS, NIPPON STEEL IS CONFIDENT
THAT ONCE NEGOTIATIONS ON THE REGULAR SALE IS COMPLETED,
THE CHINESE WILL REOPEN THE TALKS WITH A COMPROMISE
PROPOSAL. DESPITE PRESS SPECULATION TO THE CONTRARY,
NIPPON STEEL HAS HAD NO INDICATION THAT CURRENT POLITICAL
UNREST IN CHINA PROMPTED THE CHINESE TO SUSPEND THE
TALKS.
HODGSON

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Message Attributes

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